



General Assembly

January Session, 2017

***Raised Bill No. 7025***

LCO No. 3549



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT AUTHORIZING DOMESTIC INSURERS TO DIVIDE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2017*) As used in this section  
2 and sections 2 to 9, inclusive, of this act:

3 (1) "Capital" means the capital stock component of statutory  
4 surplus, as defined in the National Association of Insurance  
5 Commissioners Accounting Practices and Procedures Manual, version  
6 effective January 1, 2001, and subsequent revisions;

7 (2) "Commissioner" means the Insurance Commissioner;

8 (3) "Divide" or "division" means a transaction in which a domestic  
9 insurer divides into one or more resulting insurers;

10 (4) "Dividing insurer" means a domestic insurer that approves a  
11 plan of division pursuant to section 3 of this act;

12 (5) "Entity," unless the context otherwise requires, means: (A) A  
13 business corporation; (B) a nonprofit corporation; (C) a general

14 partnership, including a limited liability partnership; (D) a limited  
15 partnership, including a limited liability limited partnership; (E) a  
16 limited liability company; (F) a business trust or statutory trust entity;  
17 (G) an unincorporated nonprofit association; (H) a cooperative; or (I)  
18 any other person who has a separate legal existence or the power to  
19 acquire an interest in real property in his or her own name other than:  
20 (i) An individual; (ii) a testamentary, inter vivos or charitable trust,  
21 with the exception of a business trust, statutory trust entity or similar  
22 trust; (iii) an association or relationship that is not a partnership solely  
23 by reason of the law of any other state or jurisdiction; (iv) a decedent's  
24 estate; or (v) a government, governmental subdivision, agency,  
25 instrumentality or a quasi-governmental instrumentality;

26 (6) "Filing entity" means an entity that is created by filing a public  
27 organic document;

28 (7) "Governance interest" means the right under the organic law or  
29 organic rules of an entity, other than as a governor, agent, assignee or  
30 proxy, to: (A) Receive or demand access to information concerning, or  
31 the books and records of, the entity; (B) vote for the election of the  
32 governors of the entity; or (C) receive notice of or vote on issues  
33 involving the internal affairs of the entity;

34 (8) "Governor" means a person: (A) By or under whose authority the  
35 powers of an entity are exercised; and (B) under whose direction the  
36 business and affairs of the entity are managed pursuant to the organic  
37 law and organic rules of the entity;

38 (9) "Interest," unless the context otherwise requires, means: (A) A  
39 governance interest in an unincorporated entity; (B) a transferable  
40 interest in an unincorporated entity; or (C) a share or membership in a  
41 corporation;

42 (10) "Interest holder" means a direct holder of an interest;

43 (11) "Liability" means a debt, obligation or any other liability arising

44 in any manner, regardless of whether it is secured or contingent;

45 (12) "New insurer" means a domestic insurer that is created by a  
46 division occurring on or after October 1, 2017;

47 (13) "Organic law" means the section of the general statutes, if any,  
48 other than this section and sections 2 to 9, inclusive, of this act and  
49 sections 34-601 to 34-646, inclusive, of the general statutes, governing  
50 the internal affairs of an entity;

51 (14) "Organic rules" means the private organic rules and public  
52 organic document of an entity;

53 (15) "Private organic rules" means the rules, whether or not in a  
54 record, that govern the internal affairs of an entity, are binding on all  
55 of its interest holders and are not part of its public organic document,  
56 if any;

57 (16) "Property" means all property, whether real, personal or mixed,  
58 tangible or intangible, or any right or interest therein, including rights  
59 under contracts and other binding agreements;

60 (17) "Public organic document" means the public record, the filing of  
61 which creates an entity, and any amendment to or restatement of such  
62 public record;

63 (18) "Record" means information that is inscribed on a tangible  
64 medium or that is stored in an electronic or other medium and is  
65 retrievable in perceivable form;

66 (19) "Resulting insurer" means a new insurer or a dividing insurer  
67 that survives a division;

68 (20) "Shareholder" means the person in whose name shares are  
69 registered in the records of a corporation or the beneficial owner of  
70 shares to the extent of the rights granted by a nominee certificate on  
71 file with a corporation;

72 (21) "Sign" or "signature" means any manual, facsimile, conformed  
73 or electronic signature;

74 (22) "Surplus" means total statutory surplus less capital stock,  
75 adjusted for the par value of any treasury stock, calculated in  
76 accordance with the National Association of Insurance Commissioners  
77 Accounting Practices and Procedures Manual, version effective  
78 January 1, 2001, and subsequent revisions;

79 (23) "Transfer" includes an assignment, conveyance, sale, lease,  
80 encumbrance, including a mortgage or security interest, gift or transfer  
81 by operation of law; and

82 (24) "Transferable interest" means the right under an entity's organic  
83 law to receive distributions from the entity.

84 Sec. 2. (NEW) (*Effective October 1, 2017*) (a) Any domestic insurer  
85 may, in accordance with the requirements of sections 1 to 9, inclusive,  
86 of this act, divide into one or more resulting insurers pursuant to a  
87 plan of division.

88 (b) (1) Each plan of division shall include: (A) The name of the  
89 domestic insurer; (B) the name of each resulting insurer that will be  
90 created by the division; (C) for each new insurer that will be created by  
91 the proposed division, its: (i) Proposed public organic document, if the  
92 new insurer will be a filing entity; and (ii) proposed private organic  
93 rules; (D) the manner of allocating between or among the resulting  
94 insurers: (i) The property of the domestic insurer that will not be  
95 owned by all of the resulting insurers as tenants in common pursuant  
96 to section 6 of this act; and (ii) those policies and other liabilities of the  
97 domestic insurer to which not all of the resulting insurers will be  
98 jointly and severally liable pursuant to subdivision (3) of subsection (a)  
99 of section 7 of this act; (E) the manner of distributing interests in the  
100 new insurers to the dividing insurer or its interest holders; (F)  
101 provisions, if any, providing for special treatment of interests in the  
102 domestic insurer held by any interest holder or group of interest

103 holders; (G) a reasonable description of policies or other liabilities,  
104 items of capital, surplus or other property the domestic insurer  
105 proposes to allocate to a resulting insurer; (H) all terms and conditions  
106 required by the laws of this state or the organic rules of the domestic  
107 insurer; and (I) all other terms and conditions of the division.

108 (2) If the domestic insurer will survive the division, the plan of  
109 division shall include, in addition to the information required by  
110 subdivision (1) of this subsection: (A) All proposed amendments to the  
111 dividing insurer's public organic document and private organic rules,  
112 if any; (B) if the dividing insurer desires to cancel some, but less than  
113 all, interests in the dividing insurer, the manner in which it will cancel  
114 such interests; and (C) if the dividing insurer desires to convert some,  
115 but less than all, interests in the dividing insurer into interests,  
116 securities, obligations, money, other property, rights to acquire  
117 interests or securities, or any combination thereof, a statement  
118 disclosing the manner in which it will convert such interests.

119 (3) If the domestic insurer will not survive the proposed division,  
120 the plan of division shall contain, in addition to the information  
121 required by subdivision (1) of this subsection, the manner in which the  
122 dividing insurer will cancel or convert interests in the dividing insurer  
123 into interests, securities, obligations, money, other property, rights to  
124 acquire interests or securities, or any combination thereof.

125 (c) Terms of a plan of division may be made dependent on facts  
126 objectively ascertainable outside the plan in accordance with  
127 subsection (l) of section 33-608 of the general statutes, as amended by  
128 this act.

129 (d) A dividing insurer may amend a plan of division in accordance  
130 with any procedures set forth in the plan or, if no such procedures are  
131 set forth in the plan, in any manner determined by the governors of the  
132 dividing insurer, except that an interest holder that was entitled to vote  
133 on or consent to approval of the plan of division is entitled to vote on

134 or consent to any amendment of the plan that will change: (1) The  
135 amount or kind of interests, securities, obligations, money, other  
136 property, rights to acquire interests or securities, or any combination  
137 thereof, to be received by any of the interest holders of the dividing  
138 insurer under the plan; (2) the public organic document, if any, or  
139 private organic rules of any resulting insurer that will be in effect  
140 when the division becomes effective, except for changes that do not  
141 require approval of the interest holders of the resulting insurer under  
142 its organic law or organic rules; or (3) any other terms or conditions of  
143 the plan, if the change would adversely affect the interest holders in  
144 any material respect.

145 (e) (1) A dividing insurer may abandon a plan of division after it has  
146 approved the plan without any action by the interest holders and in  
147 accordance with any procedures set forth in the plan or, if no such  
148 procedures are set forth in the plan, in a manner determined by the  
149 governors of the dividing insurer.

150 (2) A dividing insurer may abandon a plan of division after it has  
151 delivered a certificate of division to the Secretary of the State by  
152 delivering to the Secretary of the State a certificate of abandonment  
153 signed by the dividing insurer. The certificate of abandonment shall be  
154 effective on the date it is filed with the Secretary of the State, and the  
155 dividing insurer shall be deemed to have abandoned its plan of  
156 division on such date.

157 (3) A dividing insurer may not abandon its plan of division once the  
158 division becomes effective.

159 Sec. 3. (NEW) (*Effective October 1, 2017*) (a) Except as provided in  
160 subsection (b) or (c) of this section, a domestic insurer shall not file a  
161 plan of division with the commissioner unless such plan has been  
162 approved in accordance with: (1) All provisions of its organic rules; or  
163 (2) if its organic rules do not provide for approval of a division, all  
164 provisions of its organic law and organic rules that provide for

165 approval of a merger.

166 (b) Interest holder approval of a plan of division is not required  
167 unless: (1) The organic rules of the domestic insurer require such  
168 approval; (2) the plan makes an amendment to the organic rules  
169 requiring such approval; or (3) either: (A) The domestic insurer will  
170 survive the proposed division and all interests and other securities and  
171 obligations, if any, of the new insurers will be owned solely by the  
172 dividing insurer; or (B) the domestic insurer has only one class of  
173 interests outstanding and the interests and other securities and  
174 obligations, if any, of each new insurer will be distributed pro rata to  
175 the interest holders.

176 (c) (1) If any provision of the organic rules of a domestic insurer  
177 adopted before October 1, 2017, requires that a specific number or  
178 percentage of governors or interest holders approve the proposal or  
179 adoption of a plan of merger, or imposes other special procedures for  
180 the proposal or adoption of a plan of merger, such insurer shall adhere  
181 to such provision in proposing or adopting a plan of division.

182 (2) If a provision of any debt security, note or similar evidence of  
183 indebtedness for money borrowed, whether secured or unsecured,  
184 indenture or other contract relating to indebtedness, or a provision of  
185 any other type of contract other than an insurance policy, annuity or  
186 reinsurance agreement, that was issued, incurred or executed by the  
187 domestic insurer before October 1, 2017, requires the consent of the  
188 obligee to a merger of the insurer or treats such a merger as a default,  
189 that provision applies to a division of the insurer as if such division  
190 were a merger.

191 (3) If any provision described in subdivision (1) or (2) of this  
192 subsection is amended on or after October 1, 2017, such provision shall  
193 thereafter apply to a division only in accordance with its express  
194 terms.

195 Sec. 4. (NEW) (*Effective October 1, 2017*) (a) A division shall not

196 become effective until it is approved by the commissioner after  
197 reasonable notice and a public hearing, if such notice and hearing are  
198 deemed by the commissioner to be in the public interest. Except as set  
199 forth in this section, any hearing conducted under this section shall be  
200 conducted in accordance with chapter 54 of the general statutes.

201 (b) (1) The commissioner shall approve a plan of division unless the  
202 commissioner finds that: (A) The interest of any policyholder or  
203 interest holder will not be adequately protected; (B) each new insurer  
204 created by the proposed division, except a new insurer that is a  
205 nonsurviving party to a merger pursuant to subsection (d) of section  
206 38a-153 of the general statutes, as amended by this act, would be  
207 ineligible to receive a license to do insurance business in this state  
208 pursuant to section 38a-41 of the general statutes; or (C) the proposed  
209 division violates any provision of sections 52-552a to 52-552l, inclusive,  
210 of the general statutes.

211 (2) With respect to the dividing insurer, the commissioner shall: (A)  
212 Apply sections 52-552a to 52-552l, inclusive, of the general statutes to  
213 the dividing insurer only in its capacity as a resulting insurer if the  
214 dividing insurer will survive the proposed division; and (B) not apply  
215 sections 52-552a to 52-552l, inclusive, of the general statutes to the  
216 dividing insurer if the dividing insurer will not survive the proposed  
217 division.

218 (3) With respect to each resulting insurer, the commissioner shall, in  
219 applying sections 52-552a to 52-552l, inclusive, of the general statutes,  
220 treat: (A) The resulting insurer as a debtor; (B) liabilities allocated to  
221 the resulting insurer as obligations incurred by a debtor; (C) the  
222 resulting insurer as not having received a reasonably equivalent value  
223 in exchange for incurring such obligations; and (D) property allocated  
224 to the resulting insurer as remaining property.

225 (c) Except for a plan of division and any materials incorporated by  
226 reference into or otherwise made a part of such plan, all information,



227 documents, materials and copies thereof submitted to, obtained by or  
228 disclosed to the commissioner in connection with proceedings under  
229 this section shall be confidential and shall not be available for public  
230 inspection.

231 (d) All expenses incurred by the commissioner in connection with  
232 proceedings under this section, including expenses for the services of  
233 any attorneys, actuaries, accountants and other experts not otherwise a  
234 part of the commissioner's staff as may be reasonably necessary to  
235 assist the commissioner in reviewing the proposed division, shall be  
236 paid by the dividing insurer filing the plan of division. A dividing  
237 insurer may allocate expenses described in this subsection in a plan of  
238 division in the same manner as any other liability.

239 (e) If the commissioner approves a plan of division, the  
240 commissioner shall endorse the commissioner's approval thereon and  
241 provide the endorsed plan to the dividing insurer.

242 Sec. 5. (NEW) (*Effective October 1, 2017*) (a) After a plan of division  
243 has been adopted and approved under sections 1 to 4, inclusive, of this  
244 act, an officer or duly authorized representative of the dividing insurer  
245 shall sign the certificate of division.

246 (b) The certificate of division shall set forth: (1) The name of the  
247 dividing insurer; (2) the name of the resulting insurer that will survive  
248 the division, if any; (3) the name of each new insurer that will be  
249 created by the division; (4) the date on which the division is to be  
250 effective, which shall not be more than ninety days after the dividing  
251 insurer has filed the certificate of division with the Secretary of the  
252 State; (5) a statement that the division was approved by the dividing  
253 insurer in accordance with section 3 of this act; (6) a statement that the  
254 division was approved by the commissioner in accordance with  
255 section 4 of this act; (7) if the dividing insurer is a filing entity and will  
256 survive the division, any amendment to its public organic document  
257 approved as part of the plan of division; (8) for each new insurer

258 created by the division that is a filing entity, its public organic  
259 document, provided the public organic document need not state the  
260 name or address of an incorporator of a corporation, organizer of a  
261 limited liability company or similar person with respect to any other  
262 type of entity; (9) if a new insurer is a domestic limited liability  
263 partnership, its certificate of limited liability partnership; and (10) a  
264 reasonable description of the capital, surplus, other property and  
265 policies and other liabilities of the dividing insurer that are to be  
266 allocated to each resulting insurer.

267 (c) The public organic document, if any, of each new insurer must  
268 satisfy the requirements of the laws of this state, provided such  
269 document need not be signed or include any provision that need not  
270 be included in a restatement of such document.

271 (d) A certificate of division is effective when filed with the Secretary  
272 of the State or on such other date specified in the plan of division,  
273 whichever is later, provided a certificate of division shall become  
274 effective not more than ninety days after it is filed with the Secretary of  
275 the State. A division is effective when the relevant certificate of  
276 division is effective.

277 Sec. 6. (NEW) (*Effective October 1, 2017*) (a) When a division becomes  
278 effective: (1) If the dividing insurer has survived the division: (A) It  
279 continues to exist; (B) its public organic document, if any, shall be  
280 deemed to have been amended as provided in the certificate of  
281 division; and (C) its private organic rules, if any, shall be deemed to  
282 have been amended as provided in the plan of division; (2) if the  
283 dividing insurer has not survived the division, it no longer exists; (3)  
284 each new insurer created by the division: (A) Comes into existence; (B)  
285 shall be deemed to hold any capital, surplus and other property  
286 allocated to it as a successor to the dividing insurer; (C) its public  
287 organic document, if any, and private organic rules, if any, shall be  
288 deemed to be effective; and (D) if it is a limited liability partnership, its  
289 certificate of limited liability partnership shall be deemed to be

290 effective; (4) capital, surplus and other property of the dividing  
291 insurer: (A) That is allocated by the plan of division either: (i) Vests in  
292 the new insurers as provided in the plan of division; or (ii) remains  
293 vested in the dividing insurer; (B) that is not allocated by the plan of  
294 division: (i) Remains vested in the dividing insurer, if the dividing  
295 insurer survives the division; or (ii) is allocated to and vests equally in  
296 the resulting insurers as tenants in common, if the dividing insurer  
297 does not survive the division; or (C) vests as provided in this  
298 subsection without transfer, reversion or impairment; (5) a resulting  
299 insurer to which a cause of action is allocated as provided in  
300 subdivision (4) of this subsection may be substituted or added in any  
301 pending action or proceeding to which the dividing insurer is a party  
302 when the division becomes effective; (6) the policies and other  
303 liabilities of the dividing insurer are allocated between or among the  
304 resulting insurers as provided in section 7 of this act and the resulting  
305 insurers to which policies or other liabilities are allocated are liable for  
306 those policies and other liabilities as successors to the dividing insurer,  
307 and not by transfer; and (7) the interests in the dividing insurer that are  
308 to be converted or canceled in the division are converted or canceled,  
309 and the interest holders of those interests are entitled only to the rights  
310 provided to them under the plan of division and any appraisal rights  
311 they may have pursuant to section 8 of this act.

312 (b) Except as provided in the organic law or organic rules of the  
313 dividing insurer, the division does not give rise to any rights that an  
314 interest holder, governor or third party would have upon a  
315 dissolution, liquidation or winding up of the dividing insurer.

316 (c) The allocation to a new insurer of capital, surplus or other  
317 property that is collateral covered by an effective financing statement  
318 shall not be effective until a new financing statement naming the new  
319 insurer as a debtor is effective under sections 42a-9-101 to 42a-9-809,  
320 inclusive, of the general statutes.

321 (d) Unless otherwise provided in the plan of division, the interests

322 and any securities or obligations of each new insurer shall be  
323 distributed to: (1) The dividing insurer, if it survives the division; or (2)  
324 the holders of the common interest or other residuary interest of the  
325 dividing insurer that do not assert appraisal rights, pro rata, if the  
326 dividing insurer does not survive the division.

327       Sec. 7. (NEW) (*Effective October 1, 2017*) (a) Except as provided in this  
328 section, when a division becomes effective, a resulting insurer is  
329 responsible: (1) Individually for the policies and other liabilities the  
330 resulting insurer issues, undertakes or incurs in its own name after the  
331 division; (2) individually for the policies and other liabilities of the  
332 dividing insurer that are allocated to or remain the liability of that  
333 resulting insurer to the extent specified in the plan of division; and (3)  
334 jointly and severally with the other resulting insurers for the policies  
335 and other liabilities of the dividing insurer that are not allocated by the  
336 plan of division.

337       (b) If a division breaches an obligation of the dividing insurer, all of  
338 the resulting insurers are liable, jointly and severally, for the breach,  
339 provided the validity and effectiveness of the division shall not be  
340 affected by the breach.

341       (c) A direct or indirect allocation of capital, surplus, property, or  
342 policies or other liabilities in a division is not a distribution for  
343 purposes of the organic law of the dividing insurer or any of the  
344 resulting insurers.

345       (d) Liens, security interests and other charges on the capital, surplus  
346 or other property of the dividing insurer are not impaired by the  
347 division, notwithstanding any otherwise enforceable allocation of  
348 policies or other liabilities of the dividing insurer.

349       (e) If the dividing insurer is bound by a security agreement  
350 governed by Article 9 of the Uniform Commercial Code, as enacted in  
351 any jurisdiction, and the security agreement provides that the security  
352 interest attaches to after-acquired collateral, each resulting insurer is

353 bound by the security agreement.

354 (f) Except as provided in the plan of division and specifically  
355 approved by the commissioner, an allocation of a policy or other  
356 liability does not: (1) Affect the rights under other law of a  
357 policyholder or creditor owed payment on the policy, or payment of  
358 any other type of liability or performance of the obligation that creates  
359 the liability, except that those rights are available only against a  
360 resulting insurer responsible for the policy, liability or obligation  
361 under this section; or (2) release or reduce the obligation of a reinsurer,  
362 surety or guarantor of the policy, liability or obligation.

363 Sec. 8. (NEW) (*Effective October 1, 2017*) (a) A shareholder of a  
364 dividing insurer is entitled to appraisal rights and to obtain payment  
365 of the fair value of that shareholder's shares, pursuant to sections 33-  
366 855 to 33-868, inclusive, of the general statutes, if the dividing insurer  
367 is a business corporation.

368 (b) (1) An interest holder of a dividing insurer that is not a business  
369 corporation is entitled to contractual appraisal rights in connection  
370 with a division to the extent provided: (A) In the dividing insurer's  
371 organic rules; (B) in the plan of division; or (C) by action of its  
372 governors.

373 (2) If an interest holder is entitled to contractual appraisal rights  
374 under subdivision (1) of this subsection and the organic law of the  
375 dividing insurer does not provide procedures for the conduct of an  
376 appraisal rights proceeding, sections 33-855 to 33-868, inclusive, of the  
377 general statutes shall apply to the extent practicable or as otherwise  
378 provided in the insurer's organic rules or plan of division.

379 Sec. 9. (NEW) (*Effective October 1, 2017*) The commissioner may  
380 adopt such regulations, in accordance with chapter 54 of the general  
381 statutes, as are necessary to carry out the provisions of sections 1 to 8,  
382 inclusive, of this act.

383 Sec. 10. Section 38a-153 of the general statutes is repealed and the  
384 following is substituted in lieu thereof (*Effective October 1, 2017*):

385 (a) Any domestic insurance company may, with the prior approval  
386 of the commissioner, merge or consolidate with one or more other  
387 domestic insurance companies or with one or more foreign or alien  
388 insurance companies that are either authorized to do an insurance  
389 business in this state, or are not authorized to do an insurance business  
390 in this state provided the resulting corporation is a corporation of this  
391 state and the laws of the other jurisdictions so permit. Prior to  
392 approving any such merger or consolidation, the commissioner may  
393 hold a hearing upon the fairness of the terms and conditions of the  
394 proposed merger or consolidation after such notice as, under the  
395 circumstances, the commissioner deems appropriate and shall find  
396 that the interests of the policyholders and the interests of the  
397 stockholders, if any, are protected. Such merger or consolidation may  
398 be effected either in accordance with the provisions of the general  
399 statutes relating to merger or consolidation of corporations organized  
400 under the general statutes or in accordance with any provisions in the  
401 charters of the companies merging or consolidating relating to merger  
402 or consolidation. All expenses in connection with the proceedings shall  
403 be borne by the resulting corporation.

404 (b) The domestic or foreign subsidiary of an existing domestic  
405 mutual holding company, as defined in section 38a-156, may, with the  
406 prior approval of the commissioner, merge with a foreign mutual  
407 insurer in accordance with the provisions of this section.

408 (c) In the event of any merger or consolidation that is for the  
409 purpose or has the effect of acquiring control of a domestic insurance  
410 company, the provisions of sections 38a-129 to 38a-140, inclusive, shall  
411 apply.

412 (d) The commissioner may permit the formation of a domestic  
413 insurance company that is established for the sole purpose of merging

414 or consolidating with a dividing insurer, as defined in section 1 of this  
415 act, simultaneously with a division authorized by section 2 of this act.  
416 Upon request of such newly formed domestic insurance company, the  
417 commissioner may waive or modify the requirements of subsections  
418 (a) to (c), inclusive, of this section and section 38a-41.

419       Sec. 11. Subsection (a) of section 33-856 of the general statutes is  
420 repealed and the following is substituted in lieu thereof (*Effective*  
421 *October 1, 2017*):

422       (a) A shareholder is entitled to appraisal rights, and to obtain  
423 payment of the fair value of that shareholder's shares, in the event of  
424 any of the following corporate actions:

425       (1) Consummation of a merger to which the corporation is a party  
426 (A) if shareholder approval is required for the merger by section 33-  
427 817 and the shareholder is entitled to vote on the merger, except that  
428 appraisal rights shall not be available to any shareholder of the  
429 corporation with respect to shares of any class or series that remain  
430 outstanding after consummation of the merger, or (B) if the  
431 corporation is a subsidiary and the merger is governed by section 33-  
432 818;

433       (2) Consummation of a share exchange to which the corporation is a  
434 party as the corporation whose shares will be acquired, if the  
435 shareholder is entitled to vote on the exchange, except that appraisal  
436 rights shall not be available to any shareholder of the corporation with  
437 respect to any class or series of shares of the corporation that is not  
438 exchanged;

439       (3) Consummation of a disposition of assets pursuant to section 33-  
440 831 if the shareholder is entitled to vote on the disposition, except that  
441 appraisal rights shall not be available to any shareholder of the  
442 corporation with respect to shares of any class or series if (A) under the  
443 terms of the corporate action approved by the shareholders there is to  
444 be distributed to shareholders in cash its net assets, in excess of a

445 reasonable amount reserved to meet claims of the type described in  
446 sections 33-886 and 33-887, (i) within one year after the shareholders'  
447 approval of the action, and (ii) in accordance with their respective  
448 interests determined at the time of such distribution, and (B) the  
449 disposition of assets is not an interested transaction;

450 (4) An amendment of the certificate of incorporation with respect to  
451 a class or series of shares that reduces the number of shares of a class  
452 or series owned by the shareholder to a fraction of a share if the  
453 corporation has the obligation or right to repurchase the fractional  
454 share so created;

455 (5) If the corporation is not a benefit corporation, as defined in  
456 section 33-1351, (A) an amendment of the certificate of incorporation to  
457 state that the corporation is a benefit corporation; (B) consummation of  
458 a merger to which the corporation is a party in which the surviving  
459 entity will be a benefit corporation or in which shares in the  
460 corporation will be converted into a right to receive shares of a benefit  
461 corporation; or (C) consummation of a share exchange to which the  
462 corporation is a party and the shares of the corporation will be  
463 exchanged for shares of a benefit corporation; [or]

464 (6) Consummation of a division, as defined in section 1 of this act, to  
465 which the corporation is a party, provided any such appraisal is  
466 subject to the limitations of section 8 of this act; or

467 ~~[(6)]~~ (7) Any other merger, share exchange, disposition of assets or  
468 amendment to the certificate of incorporation to the extent provided by  
469 the certificate of incorporation, the bylaws or a resolution of the board  
470 of directors.

471 Sec. 12. Subsection (l) of section 33-608 of the general statutes is  
472 repealed and the following is substituted in lieu thereof (*Effective*  
473 *October 1, 2017*):

474 (l) As used in this subsection, "filed document" means a document



475 filed with the Secretary of the State under any provision of sections 33-  
476 600 to 33-998, inclusive, except sections 33-920 to 33-937, inclusive, and  
477 section 33-953, and "plan" means a plan of merger, [or] plan of share  
478 exchange or plan of division, as defined in section 1 of this act.  
479 Whenever a provision of sections 33-600 to 33-998, inclusive, or section  
480 2 of this act permits any of the terms of a plan or filed document to be  
481 dependent on facts objectively ascertainable outside the plan or filed  
482 document, the following provisions apply:

483 (1) The manner in which the facts will operate upon the terms of the  
484 plan or filed document shall be set forth in the plan or filed document;

485 (2) The facts may include, but are not limited to (A) any of the  
486 following that is available in a nationally recognized news or  
487 information medium either in print or electronically: Statistical or  
488 market indices, market prices of any security or group of securities,  
489 interest rates, currency exchange rates, or similar economic or financial  
490 data, (B) a determination or action by any person or body, including  
491 the corporation or any other party to a plan or filed document, or (C)  
492 the terms of, or actions taken under, an agreement to which the  
493 corporation is a party, or any other agreement or document;

494 (3) The following provisions of a plan or filed document may not be  
495 made dependent on facts outside the plan or filed document: (A) The  
496 name and address of any person required in a filed document; (B) the  
497 registered office of any entity required in a filed document; (C) the  
498 registered agent of any entity required in a filed document; (D) the  
499 number of authorized shares and designation of each class or series of  
500 shares; (E) the effective date of a filed document; and (F) any required  
501 statement in a filed document of the date on which the underlying  
502 transaction was approved or the manner in which such approval was  
503 given; and

504 (4) If a provision of a filed document is made dependent on a fact  
505 ascertainable outside of the filed document, and such fact is not

506 ascertainable by reference to a source described in subparagraph (A) of  
507 subdivision (2) of this subsection or a document that is a matter of  
508 public record, or the affected shareholders have not received notice of  
509 the fact from the corporation, then the corporation shall file with the  
510 Secretary of the State a certificate of amendment setting forth the fact  
511 promptly after the time when the fact referred to is first ascertainable  
512 or thereafter changes. Certificates of amendment under this  
513 subdivision are deemed to be authorized by the authorization of the  
514 original plan or filed document to which they relate and may be filed  
515 by the corporation without further action by the board of directors or  
516 the shareholders.

517 Sec. 13. Subdivision (6) of section 38a-838 of the general statutes is  
518 repealed and the following is substituted in lieu thereof (*Effective*  
519 *October 1, 2017*):

520 (6) "Insolvent insurer" means an insurer (A) (i) licensed to transact  
521 insurance in this state at the time the policy was issued, when it  
522 assumed the obligation for the covered claim or when the insured  
523 event occurred, and (ii) against which a final order of liquidation with  
524 a finding of insolvency has been entered by a court of competent  
525 jurisdiction in the insurer's state of domicile; (B) that is (i) the legal  
526 successor of an insurer that was licensed to transact insurance in this  
527 state either at the time the policy was issued or when the insured event  
528 occurred, by reason of a merger, provided such merger is approved by  
529 an insurance regulator having jurisdiction over such merger, and (ii)  
530 against which a final order of liquidation with a finding of insolvency  
531 has been entered by a court of competent jurisdiction in the insurer's  
532 state of domicile; or (C) that (i) succeeds to the policy obligations of an  
533 insurer that was licensed to transact insurance in this state either at the  
534 time the policy was issued or when the insured event occurred, by  
535 reason of a division whereby policies issued by such licensed insurer  
536 are [transferred to an] allocated to or otherwise become the obligation  
537 of a successor insurer, provided such division is approved (I) in a  
538 jurisdiction that allows such division, and (II) by an insurance

539 regulator having jurisdiction over such division, and (ii) against which  
540 a final order of liquidation with a finding of insolvency has been  
541 entered by a court of competent jurisdiction in the succeeding insurer's  
542 state of domicile. "Insolvent insurer" shall not be construed to mean  
543 any insurer with respect to which an order, decree, judgment or  
544 finding of insolvency, whether permanent or temporary in nature, or  
545 order of rehabilitation or conservation has been issued by a court of  
546 competent jurisdiction prior to October 1, 1971;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	New section
Sec. 2	<i>October 1, 2017</i>	New section
Sec. 3	<i>October 1, 2017</i>	New section
Sec. 4	<i>October 1, 2017</i>	New section
Sec. 5	<i>October 1, 2017</i>	New section
Sec. 6	<i>October 1, 2017</i>	New section
Sec. 7	<i>October 1, 2017</i>	New section
Sec. 8	<i>October 1, 2017</i>	New section
Sec. 9	<i>October 1, 2017</i>	New section
Sec. 10	<i>October 1, 2017</i>	38a-153
Sec. 11	<i>October 1, 2017</i>	33-856(a)
Sec. 12	<i>October 1, 2017</i>	33-608(l)
Sec. 13	<i>October 1, 2017</i>	38a-838(6)

***Statement of Purpose:***

To authorize domestic insurers to divide into one or more resulting insurers.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*